

Affordable Care Act Implementation Update

Since the passage of the Affordable Care Act, the Administration has worked expeditiously but carefully to implement the new law and strengthen the health care system for all Americans. We have made significant progress to date:

Small Business Tax Credits: The Affordable Care Act provides tax credits to small employers who purchase health insurance for employees. In April, the IRS released guidance and began delivering post cards to the nearly four million qualifying small businesses and tax exempt organizations to make them aware of the small business tax credit.

Supporting Early Retirees: The Early Retiree Reinsurance program offers \$5 billion to employers so they can more easily give health benefits to retired workers who are not eligible for Medicare. HHS issued rules for the new early retiree reinsurance program on May 4th. The program will be effective June 1, ahead of the law's June 21 deadline.

Coverage for Young Adults: On May 10th, HHS released regulations allowing young adults to stay on their parents' plans until age 26. At the Administration's request, more than 65 of the nation's leading insurance companies agreed to begin implementing the new law immediately, in advance of the September 23rd start date required under the Affordable Care Act.

Increasing Consumer Benefits and Ending Rescissions Early: Beginning September 23rd, the law will prohibit insurance companies from rescinding coverage from policy holders when they get sick and need it most. We are pleased that the insurance industry announced it will voluntarily end this practice immediately.

Pre-Existing Conditions: Beginning in September, insurers will be prohibited from denying coverage to children with pre-existing conditions. When questions were raised about whether insurers would work to avoid this rule, we called on health insurance companies to ensure these vulnerable Americans are not denied coverage. On March 29th, insurance companies agreed to cover children with pre-existing conditions.

Transitional High Risk Pools: In the coming months, the high risk pool program will be created in all 50 states and the District of Columbia. Applications were sent to states wishing to run a state-based program on May 10.

Closing the Medicare Part D Donut Hole. CMS projects that four million Medicare beneficiaries will receive \$250 tax-free rebate checks in 2010 as a first step toward closing the Medicare Part D donut hole. The first of these rebate checks were mailed to beneficiaries on June 10 – five days ahead of schedule. In May, CMS issued new guidance to Medicare Part D plan sponsors as well as a draft model agreement that drug manufacturers of applicable Part D drugs will sign in order to participate in the discount program.

Lowering Premiums: HHS has solicited public comments on the Medical Loss Ratio provisions, which require insurance companies to spend at least 80 or 85 percent of premium dollars on medical care, and the review provisions imposing tighter limits on health insurance rate increases. On June 7, HHS announced the availability of \$51 million in Health Insurance Premium Review Grants through the Affordable Care Act. These funds are the first round of grants available to states through a new \$250 million grant program to create and strengthen insurance rate review processes.

Fighting Fraud: The Affordable Care Act includes significant new tools that will help fight fraud and protect taxpayer dollars. Attorney General Holder and Secretary Sebelius have asked Attorneys General to take part in a coordinated nation-wide effort to fight and prevent health care fraud – especially as we implement the Affordable Care Act. On June 8, Secretary Sebelius and Attorney General Holder announced that they will launch a new education and outreach efforts this summer to help fight fraud, including holding a series of regional fraud prevention summits around the country; doubling the size of the Senior Medicare Patrol; launching a new educational campaign to educate Medicare beneficiaries about how to protect themselves; holding regular health care fraud task force meetings to facilitate the exchange of information with partners in the public and private

sector, and to help coordinate anti-fraud effort; and cutting the improper payment rate, which tracks fraud, waste and abuse in the Medicare Fee for Service program, in half by 2012.

Improving Long-term Health Care: On June 3, HHS Secretary Kathleen Sebelius announced the availability of \$60 million in Affordable Care Act grants to states and communities to help individuals and their caregivers better understand and navigate their health and long-term care options. Through this opportunity made possible by the Affordable Care Act HHS' Administration on Aging (AoA) and the Centers for Medicare & Medicaid Services (CMS) will work collaboratively to award funds for an integrated approach that focuses on the unique needs of seniors, disabled Americans and their caregivers as they seek health care and long-term care. The purpose of this new grant program is to create streamlined, coordinated statewide systems of information, counseling, and access that will help people find consumer-friendly answers they seek to meet their health and long-term care needs.

Ensuring If You Like Your Plan, You Can Keep It: During the health reform debate, President Obama made clear to Americans "if you like your health plan you can keep it." On June 14, U.S. Departments of Health and Human Services, Labor and Treasury issued a regulation that implements the grandfather provisions of the Affordable Care Act. The new regulation protects the ability of individuals and businesses to keep their current plan while providing important consumer protections that give Americans – rather than insurance companies – control over their own health care. The new regulation also provides stability and flexibility to insurers and businesses that offer health insurance coverage as the nation transitions to a more competitive marketplace in 2014 when businesses and consumers will have more affordable choices through Exchanges.

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